Continued to Jan. 27 Adoption of the Penn American District Plan ITEM 5.4B

Julie Farnham, Senior Planner explained this is the public hearing on the Final Draft of the Penn American District Plan (PADP). She explained adoption of the Plan tonight sets direction on the zoning but does not implement it. Her presentation was as follows:

- Penn-American District Plan Vision Final Draft Public Hearing
- Vision Implementation New Development (Genesee Apartments & Retail)
- North Parcel Concept Hotel/Retail/Grocery
- · Vision Implementation Zoning
- Inter-Related Projects
- Interchange Reconstruction I-494 & 35W
- Orange Line Bus Rapid Transit (BRT)
- Regional Transit Connections
- Federal Transit Authority (FTA) Small Starts Funding
- Plan Recommendations-Highlights: Public infrastructure improvements to occur in conjunction with new development.
- Potential Public Improvements Existing Streets and Intersections
- Potential Public Improvements ... Street Grid Concept
- Complete Streets Concept
- Potential Public Improvements Pedestrians, Bikes & Parks
- Potential Public Improvements Utilities Water (two supply lines from Minneapolis need to be protected from development as does the City's reservoir site.)
- Potential Public Improvements Utilities Sanitary Sewer (updated with 2030 development)
- Potential Public Improvements Stormwater Flood Prone Areas
- Stormwater Mgmt. Potential Approaches (New pipes for conveyance to Upper Penn Lake)
- Proposed Zoning Amendments Purpose (Achieve Plan Vision, Attract & Leverage Transit Investments, and Apply New Commercial Zoning)
- Proposed Zoning Amendments Achieve District Vision through uses, intensity levels, building placement and design standards
- · Proposed Zoning Amendments Process
- No Zoning Changes
- Zoning Amendments (completed since District Planning Started)
- Proposed Zoning Amendments Knox Landing Apartments (Recommendation RM-50 Multi-Family Residential)
- Proposed Zoning Amendments Southtown Office Park (Recommendation provide a buffer to the neighborhood to the south. C-4/B-1 Split Freeway Commercial/Neighborhood Office)
- Height Limits
- Proposed Zoning Amendments Chrysler/Jeep on the corner of Penn & American Boulevard (Recommendation - C-5 Freeway Mixed Use)
- Orange Line BRT Options: (Alignment decision to be made by end of year. Knox Avenue location is gaining momentum.)
- Properties on BRT Alignment
- Proposed Zoning Amendments 35W BRT Option (Staff recommendation is C-4)
- Proposed Zoning Amendments Knox Avenue BRT Option (Staff recommendation is C-5 for Luther site and C-4/C-5 for SE corner of Southtown.)
- Recommended District Zoning (consistent with District Plan vision)
- Use Non-Conformities (if recommended zoning is applied). No expansion of footprint or an
 increase in intensity of the use would be allowed.
- Alternative District Zoning (minimize use non-conformities): C-1 on car dealership sites
 would allow them to remain as conforming uses, would allow them to expand, but it would
 push off development in the area right along a transit line for a longer period of time.

- Choices & Implications: Staff believes there is more benefit to zoning to the vision, as it could
 influence public and private investment.
- Public Outreach & Review
- Schedule to Complete
- Recommendation: Planning Commission and Staff recommend adoption of a resolution to approve the Penn American District Plan, which will provide direction on future zoning.
- Questions

Council comments/inquiries:

Hulting commented on the flooding issues associated with the Knox Avenue alignment and the disruption the proposed tunneling under 494 would create. He said there are also financial issues that need to be considered when determining the routing of the BRT line.

Busse commented the tunneling is a Mct Council issue and they are working closely with Bloomington's Public Works Department.

Karl Keel, Public Works Director stated to date, the designs are conceptual in nature so the issues Hulting mentioned have not yet been addressed. He said there are many complicated factors the Minnesota Department of Transportation (MnDOT) and the Met Council will need to consider.

Winstead stated any construction in conjunction with a Knox Avenue alignment could help some of these issues.

Keel said ideally, the Knox Avenue alignment will be built along with the interchange and under current traffic conditions. He said there would be disruptions but most likely not a complete closure.

Nordstrom questioned the harm in waiting to rezone the Luther property.

Farnham replied by waiting, the City would be allowing development to occur under the C-1 zoning that doesn't match the City's vision for the district. Permitted development under the C-1 zoning could be done but it would then delay implementation of the vision. She said the highest intensity uses are desired near transit.

Winstead commented this is the first step in the rezoning process.

Farnham said under the current zoning ordinance, Luther couldn't add or even repair a fence, as there are strict regulations regarding non-conformities.

Bernhardson stated staff will look at that type of situation.

Glen Markegard, Planning Manager stated a fence could be added as could sidewalks and landscaping as long as they met City standards and codes. The auto dealership use, however, could not be expanded.

Wilcox asked about the urgency in adopting this plan, as he said it appears as though the City wants it adopted so it looks good for the BRT alignment. He said he's not comfortable passing a plan tonight without knowing the location of the BRT alignment.

Markegard said the Plan offers two options depending on which BRT alignment is chosen.

Farnham said this area is ripe for redevelopment and this plan would incent more investment.

Wilcox said the BRT alignment is still up in the air and the City doesn't know what will happen but the property owners shouldn't be ignored in the meantime.

Baloga said he generally supports the District Plan as presented but said it's difficult to support the timeline on the zoning proposal that was presented earlier because it has to coincide with the alignment of the BRT.

Farnham said a decision on the route will be made by the end of this year so the timing of the rezoning can occur in 2014.

Baloga mentioned a lack of information relating to cost.

Winstead said he could definitely support a concept approval but he doesn't want to adopt the specifics before the alignment is determined.

Bernhardson explained this plan was developed way before the BRT was a thought. He said BRT may not happen for a long time but staff designed this plan with the vision that there will be BRT in the Penn American District. He said Council could wait for a month to see if a route is selected.

Winstead suggested waiting if a route is going to be determined within a few weeks.

Bernhardson suggested if that is the direction Council wants to go; the public hearing shouldn't be held tonight but rather postponed until the second meeting in January.

Busse commented there's no guarantee the first alignment decision will be the final one.

Bernhardson stated there are three options; Orange BRT, LRT, or BRT never happens. He said if it does the second choice would be on 35W and third choice is along Knox Avenue.

Winstead said he'd rather proceed with two choices; an alignment and it never happens.

Peterson's concern is that staff has put substantial energy into developing and building up this plan. He said there is nothing that prescribes a specific action must be taken if this plan is adopted. He said the next Council will need to be educated on both proposals anyway. He said if the Council adopts the plan regardless of which alignment is ultimately decided on, it still leaves the zoning decision for the next Council. He's okay adopting the plan tonight.

Winstead said he'd like the Council to have more conversation after the alignment has been announced.

Motion was made by Wilcox, seconded by Nordstrom, and all voting aye, to continue to the January 27, 2014, Regular City Council meeting adoption of the Penn American District Plan.

No public testimony was received.

Adopted Resolution Increasing Storm Water Charges ITEM 5.4A2 R-2013-147

Motion was made by Peterson, seconded by Busse, to adopt a resolution establishing a basic system rate for the purpose of calculating storm water drainage charges pursuant to Section 11.45 of the City Code as follows. Motion passed 5-2 (Nordstrom & Hulting temporarily absent.)

	(Present Rate)			(Proposed Rate)				
Land Use Category	Per Acre Per Month			Per Acre Per Month Rete				
Cemetery/Golf Course/Park	\$	7.06			\$	7.38		1
Single-Family Residential		16.41	* /			17.16	*	
School/Institution		27.40	\	\		28.63		
Church/Multi-family Residential		38.89				40.64		
Commercial/Industrial		69.25				72,37		
•	•							

^{*} Single-Family Residential considered to be one-third of an acre or \$5.72 per month.

No public testimony was received.

Adopted Resolution Increasing Solid Waste Charges ITEM 5.4A3 R-2013-148

Motion was made by Peterson, seconded by Busse, to adopt a resolution increasing the monthly solid waste charge per dwelling unit from \$2.49 to \$2.54. Motion passed 5-2 (Nordstron & Hulting temporarily absent.)

No public testimony was received.

STUDY ITEM #1 continued

What's Next: Options – Continue with the informal negotiations or pursue a formal renewal
with Comcast by approving a formal Needs Assessment and model franchise to be sent to
Comcast to solicit a formal process, which is recommended by staff.

Council discussion:

Carlson commented 15 years seems like a long time for a technical contract.

Grogan replied the City's new proposal is for ten years, as that appears to be Comcast's comfort zone and is the typical term length for cities. He said they anticipate meeting with Comcast in the next couple of weeks to review Comcast's latest proposal but the ultimate decision will be the Council's.

Winstead questioned how Comcast can keep broadband out of the revenue stream when they're telecasting all forms of television programing over broadband. He asked if Comcast reports to Grogan that their customer base is about the same.

Hill said the City's revenues have been steady have even increased over the last few years despite the increase in rates.

Grogan said in 2013, Comcast lost approximately 1% of their subscribers nationally on the cable side but gained substantially on the broadband side.

(There was Council concurrence to direct Grogan and City staff to hold firm on the \$1.50 PEG fee per the Needs Assessment.)

STUDY ITEM #2 – Penn American District Plan

Planning Manager Glen Markegard presented the following information regarding the Penn American District Plan to determine if the Council still wanted to proceed with a public hearing on the Plan at the January 27th Council meeting. His presentation was as follows:

- · Meeting Purpose: Background for new Council members.
- Question: Is Council comfortable with proceeding with the public hearing on January 27th
 despite the delay until March in getting a decision on the Orange Bus Rapid Transit (BRT)
 alignment?
- District Plan Review Chronology
- Bloomington District Plans
- Penn-American District Vision: Concept rendering
- Vision Implementation Genesee Apartments and Retail. Phase II to occur in 2014.
- Inter-Related Projects
- Interchange Reconstruction I-494 & 35W ("Vision Layout" turbine concept)
- Orange Line Bus BRT: Line will run from Burnsville to Downtown Minneapolis
- Orange Line BRT Options: 35W Alignment with station at American Boulevard or Knox Avenue alignment and two stations. Met Transit to decide in March 2014.
- Regional Transit Connections: East/west along American Boulevard with multiple stations.
- Federal Transit Authority (FTA) Small Starts Funding
- Plan Recommendations Highlights
- Potential Public Improvements: Existing Streets and Intersections
- · Potential Pubic Improvements: Street Grid Concept
- · Potential Public Improvements: Pedestrians and Bikes
- Potential Public Improvements: Utilities Water
- Potential Public Improvements: Utilities Sanitary Sewer
- Potential Public Improvements: Stormwater Management (potential flooding) (1947 aerial)
- Vision Implementation Zoning consistent zoning in place
- No Zoning Changes: (Blue area on map)
- Proposed Zoning Amendments: (Yellow is proposed to be rezoned)
- Proposed Zoning Amendments: Purpose

STUDY ITEM #2 continued

- Proposed Zoning Amendments: Achieve District Vision through: Uses, intensity levels, building placement and design standards.
- Recommended District Zoning: (Consistent with District Plan vision.) C-4 along east side of
 development. Allows up to 2.0 Floor Area Ratio (FAR). Southtown Office C-4. Plan
 proposes expansion of the C-5 across Penn Avenue and across Knox Avenue and a small
 portion of the Kraus-Anderson Southtown site.
- Use Non-Conformities (if recommended zoning is applied). Doesn't allow expansion.
- Alternative District Zoning: (Minimizes use of non-conformities.) C-I would make car dealerships conforming.
- Primary Decision for Council: Zone for vision or zone for current uses.

Winstead commented if the zoning doesn't get changed to match the vision, the current zoning stays in place and the landowners can continue that use for another 30 years and the vision is deferred. He said the Council needs to understand and be comfortable with the vision.

- How to handle the January 27th item: Should the hearing be held on January 27 or continued to April 7? If the hearing is held on the 27th, Council could adopt the Plan with alternative zoning recommendations and move forward on the rezoning once an alignment decision is made. Or, continue the hearing to April 7th to await the final alignment decision.
- Staff recommendation: Conduct the hearing on January 27.

Winstead said the Council needs to decide if it wants to have the Plan hearing with zoning options dependent on the BRT alignment.

Bernhardson said ultimately the Council is deciding on the lifestyle going forward vs. letting the marketplace determine it.

Lowman said the Council owes it to the private owners to make the decision on the zoning sooner rather than later. He asked if there were places within the community they could relocate to.

Winstead said none of the property owners are looking for any movement.

Lowman supported expediting the Plan rather than dragging it out.

Winstead asked if all Council members were comfortable and ready to adopt the Plan.

(There was Council concurrence to bring the Plan forward for a public hearing on January 27.)

Adjourn Meeting

Mayor Winstead adjourned the study meeting at 6:35 p.m.

Barbara Clawson Council Secretary

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OPENED PUBLIC COMMENT PERIOD

The Mayor declared the public comment period open for those wishing to address the Council on matters other than items included on the agenda.

Joan Kamppreyer, thanked the Council for undertaking a Solid Waste Management Plan and encouraged them to implement proposed changes to the current residential solid waste and recycling collection program as quickly as possible.)

Speaker #1: Joan Kampmeyer, 9525 Wyoming Avenue South

As a 20-year resident of Bloomington, she thanked the Council for what they do and in particular for undertaking a Solid Waste Management Plan. She is very interested in residential solid waste collection and encouraged the City to move as quickly as possible to an organized garbage and recycling collection system. She commented Bloomington is not a leader in this arena.

Winstead commented an initial report will be presented to the Council soon and said he's looking forward to working this issue to an eventual conclusion.

Karl Keel, Public Works Director reported a draft of the plan will be presented to the Council at the second study session in February.

Baloga commented the Bloomington Sustainability Coalition is holding their first open meeting at Shantytown tomorrow evening from 5:30 7:30 pm for anyone interested in attending.

Approved Interim Management Agreement for Umbria Pizzeria at 517 West 98th Street ITEM 5.1A Motion was made by Busse, seconded by Baloga, and all voting axe, to approve an Interim Management Agreement between Alex Krasny, the current On-Sale Wine and On-Sale 3.2% Malt Beyerage license-holder for International Café Inc., dba Umbyia Gourmet Pizzeria at 517 West 98th Street and Benito Juarez.

The Interim Management Agreement will be in effect until the New On-Sale Wine and On-Sale 3.2% Malt Beverage licenses are approved by the City Council.

No public testimony was received.

Closed Public Hearing & Adopted Resolution Adopting the Penn American District Plan ITEM 5.4A R-2014-7

Julie Farnham, Planner presented the staff report on the resolution to adopt the Penn American District Plan. Her presentation included the following slides:

- District Plan Review Chronology
- ➤ Plan Recommendation Highlights: Public Infrastructure Improvements and Zoning Amendments. (Existing infrastructure will adequately serve until at least 2030 with some minor updates that will occur in conjunction with new development.)
- Penn American District Vision: Overview rendering of the vision to make this area much more mixed-use, urban and transit oriented. Adds a more rounded mix of uses. Desire to add more office, hotel and residential uses to better support the transit that is already there. Desire to improve the streetscape to give it a more urban and pedestrian-friendly appearance.
- > Key Policy Question: Do we zone for the District vision or for current uses?
- > Proposed Zoning Amendments: Purpose
- > Proposed Zoning Amendments: Achieve District Vision through Uses, Intensity Levels, Building Placement, and Design Standards
- > Zoning Amendments: (What's been completed since the District planning began)
- No Zoning Changes
- > Proposed Zoning Amendments
- > Recommended District Zoning: (Consistent with District vision. Allows residential mixed in. Met Council hasn't made a decision on the Bus Rapid Transit (BRT) station yet.)
- > Recommended District Zoning: (Map of various zoning districts)
- Use Non-Conformities (if recommended zoning is applied): Dealerships and auto repair places. Non-conforming uses could remain indefinitely but couldn't expand, which creates some difficulties.

- ➤ Key Policy Question: Zone for District vision (a proactive approach that creates non-conformities) but creates certainty and helps in terms of understanding the expectations; OR zone for current uses (which minimizes non-conformities but prolongs under-utilization of land, reduces transit investment incentives, and delays redevelopment that matches the vision). This would allow auto uses to remain but there would be little incentive to reuse them for something else. It could delay development that would implement the vision, as they could remain for 30-40 years.
- Recommended District Zoning: (Zone for District vision)
- Alternative District Zoning: (Zone for current uses): Southtown site would be C-2 zoning.
- Public Outreach & Review
- Next Steps -- Implementation: Moratorium, Minor Comp Plan Amendments, Rezoning & Amend C-5 Design Standards.
- > Staff Recommendation: Approve the Penn American District Plan, submit minor text amendments to the Metropolitan Council, initiate property rezoning, meet with affected property owners and hold public hearings at the Planning Commission and City Council.
- Questions

Council comments/inquiries:

Bernhardson inquired about the parcel on the far west end that was zoned C-5:

Farnham said that property was rezoned to C-5 at United Properties' (the owner's) request.

Referencing the Wendy's site and the non-conforming uses, Busse requested further explanation on the difference between the ability to expand vs. improve.

Farnham said Use Non-Conformities can't be expanded in size or the intensity of the use increased. She said Infiniti, for example, would not be allowed to physically expand their site or reallocate their existing space to another use, as that would be considered expansion also. She said the Planning Commission is going to meet to further discuss the definition of "expansion."

Winstead asked for clarification that Infiniti will not be allowed to expand their service area by reducing their sales area even though they wouldn't be increasing their footprint. He said he has a hard time with that.

Bernhardson said staff could look at the literal part of the language.

Glen Markegard, Planning Manager said per the existing ordinance, if a use is relocated within the site, it's considered an intensification of a use. He used Gas for Less as an example. He said they were looking to expand their retail area into the service bay but City Code considered that an intensification of the use. He said staff is looking at that today.

Winstead requested additional clarification.

Baloga said he has the same difficulty as the Mayor with that interpretation. He said there is no discretion for a landowner to use a building as they want. In the case of the Infinity dealership, they wouldn't be able to allocate some of their service area a little differently by putting in a car wash because that would be considered an intensification of the use under the existing Code.

Markegard said that is true under the current definition. When converting from a non-conforming use or expanding a non-conforming use, it gets to the heart of the question of how to define expansion and how to define intensification.

Baloga's concern is that there might be properties that won't be able to refinance if the City is that tight on the use.

Winstead questioned the language regarding non-conforming use.

Markegard said the non-conforming use in a dealership is the auto use.

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Bernhardson said the issue is non-conformity and the City is seeing problems with it. He said that issue has been flagged and it could be addressed when the zoning comes forward.

Winstead commented the District Plan leads to zoning and the zoning leads to non-conforming uses and asked what kinks in the C-5 have been identified.

Markegard replied how to meet the window requirements, parking, etc. in multi-sided buildings.

Oleson commented property owners need to have some flexibility and there is some. He said the zoning details, including what is considered non-conforming, can be adjusted along the way. He doesn't believe the District Plan would lock in the Council as much as it sounds. He said there was a reference to Minnesota in what constitutes non-conforming uses by the City Manager but he wants more information. He said the investment amount an owner wants to make to his property should be a dynamic on the table, as a considerable investment for some interior work shouldn't only be a three-year investment.

Markegard said a potential idea to consider would be to have a discretionary approval process through which the City could approve an expansion of a non-conforming use. The expansion would have to be defined but it would give the Council some discretion in determining if that expansion is consistent with the vision.

Bernhardson said staff will provide Council with some background.

Sandra Johnson, City Attorney said state law was changed a few years ago to protect non-conforming uses on a property but said cities can go beyond what state law allows. She said there could be an approvalable mechanism with standards whereby it would allow minor expansions of a non-conforming use. She said staff is looking at that possibility.

Carlson said cities would have a Non-Conforming Use Certificate that would allow an individual busienss to have their redevelopment or proposed remodel considered on a case by case basis. He said it would go through the Planning Commission and then the City Council.

Lowman asked if there was any zoning out there that would allow an intensified use of auto dealerships with both service and sales.

Markegard said the C-1 District, the next generation auto dealership district, allows for intensification expansion in that district but the Floor Area Ratio cannot be reduced but it could be increased. He said the Luther Company parcels are currently zoned C-1 but not the other auto dealerships in the area. The Chrysler/Jeep dealership is zoned B-3 and Lupient and Mitsubishi area zoned CR-1.

Lowman asked if the C-1 District allows for mixed-use.

Markegard replied it allows office and hotel but not residential.

Lowman asked if there were any zonings that would allow residential with auto dealerships.

Markegard replied no and that it would require a Code amendment.

Speaker #1: Steve Elkins, Bloomington's Met Council Representative He was available for Council questions.

Winstead said the Council had anticipated the Met Council would have made a decision on the Orange BRT alignment by now and asked when that will be determined.

Elkins said the design for the interchange, including the BRT alignment, should be complete within a month or so and when that happens, Met Council will be making an application to the Federal Transit Administration for the entire BRT Orange line, end to end, which will then launch the environmental review process for both the transit and freeway portions. He said Met Council would like to be able to include this Area District Plan as an appendix in their application.

Winstead asked if the design work currently underway includes one or station alternatives.

Elkins replied the Knox Avenue alignment appears to be the Met Council's choice, as it's not practical for buses to go back forth between the online freeway stations and the shoulder stations.

Winstead said it sounds like an alignment has been determined.

Elkins explained Met Council is working closely with SEH on the entire design but the Knox Avenue alignment is currently the focus. They're trying to incorporate the Knox Avenue alignment into the overall interchange design. He said the Minnesota Department of Transportation (MnDOT) has no funding in place for the interchange itself, but the BRT alignment can launch the entire design into the environmental review process. He said it's all dovetailing nicely and that once the design is finalized, it moves onto the environmental stage. He said while the groundwork is being very carefully laid out for the Knox Avenue alignment, stormwater drainage is a big concern.

Winstead commented the environmental review process usually resolves these types of issues.

Elkins said in the big picture, this solves the transit, freeway, and drainage issues in one fell swoop.

Winstead restated the Orange Line BRT is coming out of the design phase and moving into the environmental review process as well as the federal grant funding process for the transit portions. The Orange Line is part of the County Transit Improvement Board's funding package for regional funding through the quarter cent sales tax so the local funding is accounted for also. There are no major obstacles to getting funding for the Orange Line. He said once the project enters the environmental process, it should go through with the Knox Avenue alignment, which should increase its chances of scoring higher in order to receive funding.

Busse said the Knox Avenue alignment is an important part of the proposed Orange Line, which runs from Lakeville to Minneapolis, and asked if the Penn American District Plan is really the linchpin for launching that development.

Elkins replied yes and said there is no better opportunity in the process. He reported the Department of Transportation in Washington, D.C. is aware of this plan.

Lowman inquired as to the importance of having the zoning details in place at the time the application is made.

Elkins said they will include the District Plan and the zoning if it's in place. He suggested the City add Integrated Auto Sales and Service as a brand new use category and said a potential shared parking plan is something developers are talking about.

Speaker #2: Peter Beck, Representing Luther Companies

He referenced the correspondence he provided Council on this item and said The Luther Company currently has six dealerships and he's here to represent their concerns. He said adopting the Plan would project Luther's property would be rezoned to either C-4 or C-5 and into non-conforming status. Their request is that Council adopt the plan showing an alternative that includes C-1 zoning. They are not taking a particular position on the BRT Orange Line but until it becomes a reality and is funded, their property shouldn't be rendered non-conforming. He said Infiniti is approved and will move forward this spring. He doesn't believe letting these businesses continue as lawfully conforming businesses should cause any difficulty with the Plan. He said government entities are prohibited from making a decision on the BRT station until the environmental review is complete. With regard to state law on non-conforming uses, he said it's seven years old and it allows repair, replacement and improvement but not expansion. He said Bloomington has decided to define expansion to include the intensity concept. He said that concept is not in the letter of the statute itself. He said he couldn't find an example of expansion that contained the word relocation in it. He said Infiniti is building a new dealership in a different location so the existing one can stay in business while it's being built. He said under the current non-conforming use ordinance, they wouldn't be able to do that and asked that they not be rezoned prematurely.

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Beck disagreed that keeping Luther in its current zoning will prolong under-utilization of that land. He said it gives them the opportunity to continue running a successful business. He asked the Council to allow Luther to stay in business. He said they don't know what that business will be in 20 years, as many things could happen during that time. He requested the Council keep the flexibility until they know it's time to rezone the area to C-4 or C-5. He said the City can allow expansion but it cannot restrict the ability to repair, replace or improve. They accept not being able to add floor space but they don't believe restricting how the interior space is configured was the intent of the Legislature. He said when the new commercial zoning districts were adopted, they objected to the City's proposal to rezone to C-1 but when it came time to do the Infiniti site, they determined they could live with C-1 zoning. Then the Fiat and Kia parcels were rezoned to C-1.

Lowman asked Beck about his opinion on Non-Conforming Use Certificates.

Beck said there are vehicles like that in other cities so they could look to see if they could make that work here. He said if the City needs to move forward with this plan and they can stay C-1, then maybe eventually they could live with the C-5 zoning. He said they're not in the business of trying to do less business each year but rather try and grow and intensify their business.

Oleson asked Beck if he had somewhat of a comfort level based on tonight's discussion.

Beck said their 40-50 year vision for this property does not match the District Plan vision but it's whether they can get to the Plan's 30-year vision, which is a possibility but is not something he can guarantee. He said over time, as they've worked with the City, they've come to an agreement. He said The Luther Company would like to stay in business until redevelopment needs to occur.

Speaker #3: Ken Vinje, Kraus-Anderson Realty Company, Owner & Manager of Southtown, Lucky 13, and the Mitsubishi site.

Vinje reported Kraus-Anderson has been the proud owner of Southtown Shopping Center for 53 years and it has a 99% occupancy rate. He said the Center's ownership is concerned with what is happening and they've hired attorney Bill Griffith, Larkin Hoffman to assist them. He said Griffith couldn't be here tonight. Vinje said he is appearing as an employee of K-A and proceeded to read from Griffith's letter. He said they've asked for flexibility and would like to grow in stages. He said their vision for Southtown takes into account the market. He said their plan will increase their value and what they're paying to the City in taxes. He asked the Council to allow Southtown to develop along with the marketplace, as it's currently a viable center. He said to rezone them to a higher density zone before the market is ready for that would be premature. He asked the Council not to impede the progress of Southtown Center.

Motion was made by Oleson, seconded by Lowman, and all voting aye, to close the public hearing on the Penn American District Plan.

Winstead said Vinje brought up the point about developing in phases and inquired if there was an ability to phase in development over time or are they precluded from doing that.

Markegard said redevelopment could be phased. The new zoning standards would be applied and there would be new minimun Floor Area Ratio (FAR) requirements, which the phased development would have to meet.

Winstead inquired if a partial development that didn't meet the zoning standards but was part of a master plan that met the entire District Plan would be allowed.

Markegard said that would require flexibility through the Planned Development process. He explained as it progresses through the phases, it needs to work toward the vision. He said the Council always has the ability to flex on standards if it finds that to be in the public's best interest through the Planned Development process.

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Busse commented on The Luther Company wanting to stay zoned C-1 and rezoning to C-4 when that is triggered.

Markegard said the big concern is the redevelopment in the interim period. He said if there were to be a scrape and rebuild, that would result in a 30-40 year investment that would lock them in for decades.

Carlson asked if the development east of Southtown takes into account the Orange Line.

Vinje said their plan does not align with the Orange Line BRT Knox Avenue alignment and would be in direct conflict with this Plan.

Elkins commented the Knox Avenue alignment design does not require tunneling under 494 but rather 494 would be raised so as not to interfere with Southtown's development.

Carlson asked Elkins how that would be perceived in their application submittal.

Elkins said the Met Council application would be much stronger with a zoning of C-4 or C-5, as auto oriented uses allowed in the zoning would dock points from their application.

Baloga asked if the Plan were to be adopted, it would be implied that there is a prescribed timing between adoption of the Plan and adoption of the zoning.

Elkins commented the zoning usually takes place within nine months.

Baloga asked if the triggers would be void with adoption of the Plan.

Beck said the regulations would allow an approach whereby businesses can continue operating until it is confirmed the BRT line is coming.

Baloga reiterated there would be a docking in the scoring of points for the Met Council application if the C-1 zoning is included.

Elkins said the application will be much stronger if auto oriented uses are not allowed in the zoning immediately around the station.

Beck said if the BRT Line gets funded, then auto uses wouldn't be allowed and it would be rezoned.

Bernhardson suggested they could be rezoned to C-4 and C-5 but allow within that zoning existing auto uses as interim or permitted uses until such time as the BRT funding comes forward at which time they would be triggered into non-conformity. He said leaving it C-1 until that trigger, they could expand the other auto dealerships. He suggested changing what is allowed in the C-4 and C-5 standards. That would be an option to dealing with non-conformities.

Oleson suggested perhaps Met Council could explain the City's concerns in its application narrative and asked if there was an opportunity to indicate triggers the Federal Transportation Administration would understand.

Bernhardson said they will be getting a lot of applications so what is included in the application needs to be fairly complete, as there probably won't be the opportunity to go back and tweak the application.

Winstead said with regard to auto dealerships, people are interested in finding a fix to keep them within a certain zoning district until there is a trigger. He said the options are act on the Plan, then rework the C-4 and C-5 zoning standards, or move forward with the Plan with the intent of rezoning within nine months, or move forward with the Plan and not take the approach put forward by the City Manager but work through the non-conforming issues.

Lowman supported the Manager's suggestion but said he's not comfortable with how Southtown would be affected.

Abrams asked for clarification on the resolution. She said it appears the City has nine months to commence with the rezoning, which is the tool the City has to implement its vision. She said the Council needs to reach a resolution that it has a product it can send to the Met Council that will help solidify the BRT alignment.

Carlson said he's ready to vote in favor of this Plan. He said the Non-Conforming Certificate would meet the needs of The Luther Company and approval of this Plan would be the basis for which the moratorium can be considered at the next Council meeting. He said if not now, when should this be done. The City has a huge investment in the infrastructure and there appears to be a bringing together of resources so he supports the Plan.

Winstead said if there is consensus on the Council, staff can be directed to dig into the C-4 and C-5 districts to allow existing auto dealerships to be permitted uses without the ability to expand, and to then trigger and go into non-conformity at such time as the BRT Orange Line is funded, approved or whatever is appropriate. He wants to make sure this action will not diminish the Met Council's application. He said the zoning would allow Kraus-Anderson to bring development in phases.

Bernhardson said it would allow Southtown to redevelop the bulk of its property in phases. He said this rezoning would impact the Mitsubishi and Lucky 13 sites so this rezoning would preclude what they are planning to do with that strip center.

Busse asked Elkins to shepherd this in a way so that it can benefit Southtown's redevelopment plans.

Winstead said there appears to be a consensus on the Council to move forward with the Plan tonight while directing staff to research alternatives for addressing non-conforming use concerns for further Council discussion.

Bernhardson said staff will take a two-track look at the C-4 and C-5 and making it a permitted use and will also look at the non-conformity. He said recommendations will be brought forward.

Oleson commented this area is behind in terms of transit and it competes with other cities like Denver. He said this needs to get moving now.

Motion was made by Abrams, seconded by Lowman, and all voting aye, to adopt a resolution adopting the Penn American District Plan and incorporating it by reference into the Bloomington Comprehensive Plan and directed staff to research alternatives for addressing non-conforming use concerns for further Council discussion.

Winstead stated staff will start working on the C-4 and C-5 zoning criteria.

CLOSED PUBLIC COMMENT PERIOD

Adopted Ordinance Amending City Code Regarding Planning Commission Terms and Eligibility The Mayor asked if anyone else wished to address the Council during the public comment period, or it would be closed. No one came forward to speak so the public comment period was closed.

Markegard presented the staff report on the City Code Amendment regarding Planning Commission terms and eligibility. He explained the ordinance makes two changes: Changes the expiration date from December 31 to June 30 and deletes the counting of the service time on the Traffic & Transportation Advisory Commission (TTAC) towards the six-year term limit on the Planning Commission. He explained this was done as a result of current Planning Commission members Craig Nordstrom and Roger Willette who have reached their six-year limit by serving two years on TTAC and four years on the Planning Commission. This ordinance amendment will allow them to serve two additional years on the Planning Commission, which staff recommends.

Winstead suggested changing the term expiration dates for all of the advisory commissions; not just the Planning Commission.

Bernhardson said staff talked about that but there haven't been any problems with the current expiration dates on the other commissions.

HTEM 5.4B1

O-2014-2

- The Preliminary and Final Plat of the future subdivision is approved by the City Council prior to April 2, 2014;
- 2. The Final Plat of the future subdivision is filed with Hennepin County prior to April 2, 2014.

No-public testimony was received.

Adopted Ordinance Authorizing Development Moratorium ITEM 5.4B O-2014-4 City Attorney Johnson explained this ordinance will establish a development moratorium in the Penn American District for the purpose of protecting the City's development vision while the details of its implementation are being crafted. It's a broad vision and it will be incorporated into the City's Comprehensive Plan but the details need to be worked out which will require studies. She said the State allows cities to protect their development visions. This will protect the Penn American District vision and will allow the City time to look at the transportation studies that will likely be implemented into some of the zoning and official control regulations. She said the main purpose is to protect the status quo while the City crafts its official controls. The moratorium halts the development applications until the City gets the controls in place. She said while the old rules are still in existence, developments can't be approved. She said applications for minor façade changes could still be made adding there are hardship provisions the City can consider. She said it only affects a portion of the Penn American District.

Glen Markegard, Planning Manager presented the following slides:

- Bloomington Moratoria 1990-Today: Three related to land use issues: South Loop District,
 France & Old Shakopee Road area, and the Northwest Bloomington Area Study.
- Penn American District Moratorium Parcels
- Application Types Impacted by Moratorium
- Exceptions: (Includes administrative approvals and City-initiated applications.)
- · Items to be Studied and Prepared
- Duration: Expires one year from adoption. Ability to repeal upon completion of studies.
- Hardship Provision: Landowners may seek a waiver through the City Council.
- Staff Recommendation: Approve moratorium. Did not go through the Planning Commission.

Lowman asked why this didn't go through the Planning Commission first.

Markegard explained most moratoriums have been enacted in an emergency. It goes into effect immediately upon adoption and it protects the planning process in the interim. He said going through the Planning Commission would have added 5-7 weeks to the process.

Speaker #1: Bill Griffith, Representing Kraus-Anderson and the Owners of Southtown He listened to last week's discussion when the Penn American District Plan was adopted. He appreciated staff's report on the history of moratoria and said Bloomington uses it less frequently than other cities because it respects the rights of property owners by not using this tool. He said many studies have been done in Bloomington without moratoriums. He said past moratoriums were related to the airport zoning restrictions. He said in this case, the Penn American District Plan would help Met Council's scoring of their Federal Transportation Administration grant funding application for the Orange Line Bus Rapid Transit. He said the Council was urged to adopt the Plan by Met Council representative Steve Elkins. He said he doesn't object to transit but they don't favor taking private property to build the Orange Line. He said the District Plan would further the plans of Met Transit and asked if they should be indemnifying the City against any damages that might result from that taking that results in that line being built over private property. He said a problem with enacting an emergency ordinance is it's usually done without a lot of consideration. He said a part of this plan is to protect the interests of the City's partners; MnDOT and Met Transit. He said this is a significant request. He said this plan has been developing since 2008 without the need for a moratorium and asked the City what it's going to study over the next several months. He said his client doesn't agree with the concept that two-story development over 60% of its property or minimum Floor Area Ratios is something the market will support in this suburban location.

Griffith asked if the City conducted any study since 2008 that demonstrates there is a viable and ready market for that style of transit-oriented development. Is there truly a market? He said Kelly Dom, a local real estate developer, said he wouldn't do first level retail in a multi-family development in the suburbs any more. Griffith said he went by the Genesee Development and asked if the City has studied whether that type of development will occur here absent significant subsidy. He said if you're going to take a significant action to freeze development for a period of time, study whether there is a market for the type of development the City envisions. He requested more engagement with the landowners. He said a moratorium is not the type of engagement that will get the landowner and the City to a good place. He said a true demonstration that there will be a market for this type of development in this location is missing. He said 34th Avenue at American Boulevard was rezoned ten years ago to a high-density, prescriptive type of zoning and not much is there. He said Bloomington Central Station is different because the City invested in it. He mentioned the vision the City had for 700 American Boulevard. He said the City took the site back but the market vision has not occurred. He expressed Kraus-Anderson's objection to the development moratorium. He said there needs to be a way to engage the developer. He said Kraus-Anderson brought in a concept plan but the City's response to that was a moratorium.

Lowman asked why a market study couldn't be done during a moratorium to ensure the District Plan is viable for the area.

Griffith said he hasn't seen any study since 2008 that says there is a market to support the City's vision for this style of transit-oriented redevelopment. He asked the City to demonstrate the rezonings it wants to impose in the Penn American District have some support in the marketplace.

Busse said Griffith's commented Met Council and Met Transit are partners with the City and said so is Kraus-Anderson considered a long-time partner of the City. He asked with regard to a partnership, without a moratorium, how could this partnership work so that the City could be assured its long-term plans wouldn't be affected by a major renovation of a major shopping center scheduled to start this summer.

Griffith replied the owners of Southtown have a 1960's shopping center that has had three major renovations. It's doing quite well and they're paying a great deal of taxes to the City but are now being told it's time to do something different. He said a one-year moratorium could turn into a longer moratorium and it sends the wrong message to the owner of this significant development.

Busse asked the City Attorney to clarify that one year would be the limit of the moratorium.

Johnson said a one-year moratorium is pretty much the limit. She said the City intends to meet with the impacted property owners and will try to work cooperatively on the problems. She said the City is not shutting the door to working cooperatively with Kraus-Anderson or others but it maintains the status quo during that process. She said if Kraus-Anderson were to submit their development application now, the City would have to use the existing ordinances and Zoning Code to evaluate it so that is why the moratorium is needed.

Lowman asked Griffith for his other suggestions.

Griffith said staff has been available to them over many months. He said the concept plan was done in January and the response was, "we'll get back to you," which resulted in this development moratorium. He said he'd like the City to have an ongoing dialogue with the developer about what is market viable to redevelop that easterly one-third of the property. He said with a development moratorium on a particular piece of property, all of the development prospects will scatter. He requested the Council not adopt the moratorium. He said it would be better to have a dialogue that engages Kraus-Anderson and Met Council with the City. He said the property owner is currently in discussions with prospects on this property and asked what prospect is going to look at a property that is under the cloud of a development moratorium. He said the City doesn't need a moratorium to conduct a market study. He said Kraus-Anderson "can't win a race against the City."

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Oleson said the Council talked about possible ways the zoning standards could be changed adding there may be some positives that come out of a moratorium.

Griffith expressed a desire to hear comments from the Council that indicated they understood the plight of the landowner.

Busse asked Griffith if his client was upfront with the redevelopment plans they presented back last fall.

Griffith said his client was as honest as they could be. They looked at a number of plans; even office but that dried up. There was enough interest in retail, which they brought to the City.

Abrams asked if a market study influenced how the east side should look.

Griffith replied yes, it was through phone calls. He said that kind of market study is done every day by brokers.

Motion was made by Busse, seconded by Abrams, and all voting aye, to close the public hearing on an ordinance to add a section to the City Code for Moratoria and to temporarily adopt a development moratorium in portions of the Penn American District.

Council comments/inquiries:

Oleson said the moratorium is appropriate for the reasons stated. Ite thinks it will give the City an idea of what will happen with the Orange Line and the interchange.

Lowman said he doesn't like the idea of a moratorium but doesn't know what other mechanism would allow the City to conduct a study. He said if the City wants to protect the vision, maybe it needs to do some deep thinking about how the property can be utilized. It should take the necessary time to determine if it's going down the right path. He said the City doesn't want to slam the door on the developers but he's not aware of another way to research these things other than a moratorium, which he said he would reluctantly support.

Baloga commented a moratorium is something you take very seriously, do with consideration, but do it infrequently. He said it's evolutionary and a learning process. He believes the owner will have an opportunity to be engaged in the process. He supports this moratorium but strongly encourages Kraus-Anderson to have input into the process.

Winstead said he likes the idea of getting indemnification from Mct Council. He said this moratorium will allow the City to finalize the district plan. He said the City needs to get to work and would like to see it completed within about six months rather than a year so the moratorium can be lifted and the zoning adopted.

Motion was made by Busse, seconded by Oleson, and all voting aye, to adopt an ordinance amending Chapter 21 of the City Code to add a section for Moratoria and to temporarily adopt a development moratorium in portions of the Penn American District.

Adopted Resolution Directing Summary Publication of Ordinance No. O-2014-4 ITEM 5.4B2 R-2014-17 Motion was made by Busse, seconded by Abrams, and all voting aye, to adopt a resolution directing publication of Ordinance No. 2014-4 title and summary regarding an amendment to Chapter 21 of the City Code adding Division E. creating a vehicle for development moratoria and specifically adopting a temporary moratoria in portions of the Penn American District.



City Council Meeting APPROVED MINUTES

Study Meeting
Monday, March 3, 2014, 5:30 p.m.
Bloomington Civic Plaza
1800 West Old Shakopee Road
Bloomington, Minnesota 55431-3027

Call to Order

Mayor Gene Winstead called the study meeting to order at 5:30 p.m.

Roll Call

Present: Mayor Winstead, Councilmembers C. Abrams, J. Baloga, T. Busse, A. Carlson, D. Lowman and J. Oleson.

STUDY ITEM #1 – Discuss Nonconformity Standards Glen Markegard, Planning Manager presented a brief overview on the issue of use nonconformities and some recommended approaches for dealing with them. His presentation was as follows:

- Competing Objectives for Nonconformities: (Change over time while preserving property rights.)
- State Law
- Bloomington Nonconformity Standards
- Types of Nonconformity: Uses, Lots, Structures, Site Characteristics
- Use Nonconformity: (Examples: single-family home surrounded by industrial uses and zoned industrial, billboards, lots that don't meet the minimum width and size requirement, and structures that don't meet the side setback requirement.)
- Nonconforming Site Characteristic: (Example: sidewalks, lighting, parking, landscaping. Bloomington has a 3-foot screening requirement between street and parking lot.)
- Expansion: (Size increase examples: an addition onto a nonconforming use, billboards, and relocation; large or small or moving from within the four walls of the building.)
- Expansion Intensification: (Example: Minnetonka. It's not allowed -- examples of intensification were provided.)
- Processes in Place to Allow Expansion of Uses, Structures, Lots & Site Characteristics
- Staff Recommendation: Use Expansion. (Utilize a discretionary approval process (CUP) to allow nonconforming uses to expand in size, intensity or through relocation on a site. Council could examine the merits of the request subject to standards and findings. Apply it use by use, district by district, wherever Council deems appropriate.)
- Potential Findings
- Potential Standards: (Planning Commission recommended limiting the size of the expansion and limiting the percentage increase of the expansion.)
- Discussion Item Deferred Rezoning: (A landowner representative's suggested deferring rezoning unless it's triggered by implementation of the Orange Line or funding of it, for example. Staff's concern is in the interim period, there could be redevelopment that is inconsistent with the vision with a 20-30-40 year life span.)
- Discussion Item: Making Auto Dealerships Allowed Uses Subject to Intensity Standards. (Current Code allows fully enclosed auto dealerships in the C-3 and C-5 zones but with no exterior storage and no surface uses. An idea would be to allow exterior storage and surface uses as long as the Intensity Standards are being met. A minimum Floor Area Ratio of 1.0 in C-5, which would be challenging for dealerships to meet.)

Council comments/inquiries:

Winstead asked if there is a fully enclosed dealership in Bloomington, as they by nature provide service.

STUDY ITEM #1 continued

Markegard replied no but said there is a fully enclosed snowmobile/motorcycle dealership. He said the Floor Area Ratio (FAR) at the BMW dealership is over 0.62.

Winstead commented the "fully enclosed" definition is not practical; as no dealership will be able to make that work. They utilize outdoor space and they need to provide service.

Markegard said upon receiving Council's initial feedback on the options, staff will codify this and bring it back for a public hearing at the Planning Commission and then City Council. Again, it would be to allow, through a Conditional Use Permit (CUP), expansion opportunities subject to Findings and Standards. In other words, a discretionary exception process would be created.

Winstead questioned the potential findings for nonconforming uses. He questioned how the finding could be made if it's a nonconforming use in the zoning district. He said he never sees this finding being met because the dealership could not expand.

Markegard said the purpose and intent section of the zoning districts often talk about general items. In some cases, there are specific items about prohibiting certain uses. In order to do that, staff would have to tweak those Purpose and Intent section in at least one scenario in the C-5 District. Generally, they're more open to interpretation. He said the district would specifically allow expansion subject to this process. He said an alternative would be to not have a finding at all.

Mark Bernhardson, City Manager said a variation could be that at a certain size, with a little expansion it's acceptable. He said the City wants owners to keep up their properties and could allow some minor expansion in size and use, but it doesn't want to see a significant investment that goes away from the Council's vision of the plan. It's saying that the use may be conforming at this size with a little expansion room, but it's how to put that into words if that is Council's intent. It's an allowed use up to this point but no further.

Carlson asked if staff envisioned any of the property owners needing to meet multiple findings for multiple applications.

Bernhardson reminded Council has the greatest discretion with the Comprehensive Plan, less with rezoning, less with CUPs, and less with Final Site and Building Plans. He said there is less discretion further down the chain. He said how it's classified and where it gets fitted in makes a difference how much discretion the Council will have.

Markegard said the one use staff has heard concerns from the Planning Commission and the Council is auto dealerships. He said if Council desired, they one would be allowed to go through the exception process.

Bernhardson said staff will work to fashion the concept of allowing dealerships to be a conforming use at their current size or with a little expansion with a CUP, but going beyond that would not be allowed.

Baloga said it doesn't seem right that a dealership would not be allowed to install or rededicate a portion of its current service area to a wash area because it's considered an intensification of the use. He said it seems a little overbearing on the City's part to ask a property owner, who is in the service business, to get a CUP in order to continue the ability to service vehicles. He said that would be a disservice to Bloomington's business owners; not to be able to stay competitive.

Bernhardson inquired if that example was based on current nonconformity language or what staff is proposing for nonconformity language and/or an interpretation of either of those.

Markegard said it's up to interpretation. If there are two nonconforming uses within one building, the question is can one use be moved into the other use or could one use grow and one shrink. He said imagine a strip center. Could one nonconforming use be allowed to grow as long as another one is shrinking?

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STUDY ITEM #1 continued

Winstead said even if a dealership isn't expanding their footprint, a car wash is a more intense use than is the service area. He gave another example — what if a dealership wants to convert part of the service area to more sales show floor. Another example was what if the dealer wants to move the used cars into an indoor showroom. They trade the outdoor lot for an enclosed building. The building footprint increased but does that constitute as an intensification of the use.

Markegard said the intent is to develop a process that could approve that type of expansion.

Carlson said auto dealerships aside, he asked if the findings would apply to the potential expansion of a strip development into the Orange Line.

Markegard said this would be use by use and district by district. There are two nonconforming uses in the Penn American District; auto dealerships and motor vehicle repair. He asked if Council wanted them treated identically or not.

Carlson said with a proposed, separate retail development on the right-of-way that would disrupt where the proposed Orange Line would be, even though there is no auto related uses proposed for that development, it would still require the same process in meeting the same nonconforming standards as in these cases.

Markegard said because those nonconforming uses are not in place, there would be no expansion process.

Busse commented all of the potential findings language is a matter of interpretation.

Markegard said the standards are typically measurable; more black and white. He asked if the Council sees a need to cap the level of expansion.

Busse replied yes there needs to be a cap on the size or the percentage.

Carlson said he would be less likely to consider a possible variance if that would further increase the nonconformity. He would look at that land use application as a red flag towards what they were proposing.

Oleson asked if comparing Bloomington to other communities that have gone in the direction the Council is considering, would open up the City to criticism or worse in terms of not being able to clearly show how there is some consistency from case to case. He said if the Council does this, it needs to tighten it up and asked if this would be setting a precedent even though it's on a case by case basis.

Markegard said once the process is in place, it has to be consistent in how it's applied.

(This issue to come back as a public hearing item at a Regular Council meeting.)

STUDY ITEM #2 --Penn American East --Small Area Study

Julie Farnham, Senior Planner and Jason Schmidt, Planner presented the staff report on the Penn American East—Small Area Study (area bounded by 35W (west), Lyndale Avenue (east), I-494 (north), and West 82nd Street (south). During the final review of the Penn American District Plan (PADP), the Council requested staff assess the redevelopment potential of properties cast of I-35W given the proposed implementation of the Orange Line Bus Rapid Transit (BRT) nearby. The presentation highlighted the following:

- Small Study Area: 35W, 494, Lyndale Avenue and 82nd Street
- Purpose
- Existing Conditions: Uses (Mixture to the north of American Boulevard. Two existing auto dealerships in this area. 700 & 900 American Boulevard are vacant lots. Industrial uses south of American Boulevard. Established single-family neighborhood south of 80½ Street.)
- Existing Conditions: Land Use Guide
- Existing Conditions: Zoning
- Existing Conditions: Nonconforming Uses. (The I-3 zoning has been amended making those uses legally nonconforming uses.)